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February 3, 2005

Via E-Mail and U.S. Mail:

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Re: Portneuf River Basin 29 Settlement Agreement

Dear Jerry, Candice, Ted, Randy and Jim:

The only comments I have received on the proposed draft Portneuf River Settlement Agreement sent to each of you with my letter of January 20, 2005, were from Chris Robinson on behalf of Portneuf Irrigating Company. He pointed out that we had misspelled the word gauge and corrected the name to Portneuf Irrigating Company, rather than Portneuf Irrigation Company. I have made these corrections to the Agreement and enclose an updated draft. I have not received any other comments. Accordingly, I believe it's appropriate for Candice to circulate this draft Agreement with

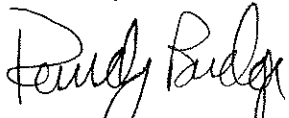
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her meeting notice to all users on the Portneuf River so that it might be discussed in detail and perhaps finalized at the upcoming meeting February 15 at 1:30 p.m. in Pocatello.

On behalf of Portneuf Irrigating Company, Chris Robinson has also submitted to me numerous changes to the proposed Portneuf River "Lower Division" Settlement Agreement. I am enclosing a copy of a "redlined" draft reflecting their suggested changes for those of you that represent parties to that agreement (excluding Candice and Jerry). I would suggest the parties get together and go through this prior to the meeting with the entire group. I suggest we meet at my office at noon on Tuesday, February 15, for this purpose. Alternatively, I can also be available the morning of Monday, February 14, if that is preferred. Please respond by e-mail so we can all plan accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read "Randall C. Budge". The signature is fluid and cursive, with the first name "Randall" being more prominent than the last name "Budge".

RANDALL C. BUDGE

RCB:rr

Enclosures

cc: Chuck Brockway (w/encls.)
Ellis Gilbert (w/encls.)
Ron Jolley (w/encls.)
Chris Robinson (w/encls.)